

**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Planning Division**

<b>TO:</b>	Chair and Members Planning Committee
<b>COMMITTEE DATE:</b>	September 18, 2018
<b>SUBJECT/REPORT NO:</b>	Community Renewal Community Improvement Project Area Amendment (PED16236(b)) (Ward 4)
<b>WARD(S) AFFECTED:</b>	Ward 4
<b>PREPARED BY:</b>	Edward John (905) 546-2424 Ext. 2359
<b>SUBMITTED BY:</b>	Steve Robichaud Director, Planning and Chief Planner Planning and Economic Development Department
<b>SIGNATURE:</b>	

## RECOMMENDATIONS

- (a) That the proposed amendments to the 2016 Community Improvement Project Areas to create the Roxborough Community Revitalization Project Area be **APPROVED** on the following basis:
- (i) That the Draft By-law, attached as Appendix “A” to Report PED16236(b) which has been prepared in a form satisfactory to the City Solicitor, be enacted by Council;
  - (ii) That the proposed amendment is consistent with the Provincial Policy Statement (PPS) 2014, conforms to the Growth Plan for the Greater Golden Horseshoe, 2017 (P2G), and complies with the Urban Hamilton Official Plan;
- (b) That staff be directed to prepare amendments to the 2016 Community Improvement Plan to permit the Roxborough Community Improvement Project Area access to programs and financial incentives geared towards delivering a sustainable, accessible and affordable community, and report back to Planning Committee with the recommended amendments.

## EXECUTIVE SUMMARY

As directed by General Issues Committee on June 6, 2018, through Report PED16236(a), this report provides for the recommendations to update the Downtown and Community Renewal Community Improvement Project Areas, including the By-law and respective Maps to implement future community improvement programs and

initiatives based on facilitating the revitalization of a portion of the McQueston Neighbourhood.

These revisions will establish and facilitate the re-development of the lands in order to create a mixed income, mixed tenure development focused on increasing the supply and affordability of housing within a portion of the McQueston neighbourhood.

The Community Improvement Plan provides the legal framework for the financial incentives administered by the Urban Renewal Section. A future amendment to the 2016 Community Improvement Plan will enact the proposed incentives discussed within this Report, and will allow them to be applied to this newly created Project Area

Approval of the amended Downtown and Community Renewal Community Improvement Plan (2016) and Community Improvement Project Areas as recommended would include changes to revise the description and maps of the community improvement project areas to reflect the newly created Roxborough Community Revitalization Project area.

### ***Alternatives for Consideration – See Page 21***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** There are no direct financial implications with respect to this Report. However, approval of Recommendation (b) and the implementation of new financial programs and any amendments to existing programs will require additional capital and operating funds for 2020. This will be subject to a future report.

**Staffing:** There will be no additional staffing requirements resulting from Council's approval of this Report. Applications to the financial incentive programs are processed by the Urban Renewal Section, Development Planning and Taxation Division. Staff will monitor the take-up of the programs and, if additional staff is required, will address same during the 2020 Operating Budget process.

**Legal:** The *Planning Act* (Section 28) allows municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community Improvement Plan for the project area. A municipality may then make grants and loans, in conformity with the approved community improvement plan, that would otherwise be prohibited under the *Municipal Act* (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area. An amendment

to the Community Improvement Plan requires a statutory public meeting with notice requirements in accordance with the *Planning Act*.

The changes to the community improvement plan must be conducted in accordance with the *Planning Act* (Section 28) and the Public Participation and Notification Policies contained in the City's Official Plan, including a statutory public meeting and notice requirements.

## **HISTORICAL BACKGROUND**

The review of the Downtown and Community Renewal Community Improvement Plan (CIP), the associated Project Areas to which it applies, and its component programs (i.e. financial incentives) was undertaken as part of the 2015 work plan for the Economic Development Division's Urban Renewal Section. This resulted in the approval of the 2016 Community Improvement Plan and Community Improvement Project Areas.

Since this time, staff has been working on the potential of a Community Improvement Project Area and complimentary incentives which is to be focused on stimulating sustainable, accessible and affordable housing.

On this premise, planning staff has been working with Housing Services, CityHousing Hamilton and Roxborough Park Inc (RPI) to determine a comprehensive plan for delivery of an affordable housing demonstration project. One key determinant to the success of the development would be the availability of new innovative financial programs from the City to ensure a meaningful amount of affordable housing is created and secured.

Previous staff Report PED16236 which was presented to General Issues Committee (GIC) in December, 2016, highlighted the options available for consideration in order to facilitate the demonstration project. The Report previously recommended that further investigation be conducted to determine the most appropriate approach. As detailed within Report PED16236(a), it was determined that the creation of a Community Improvement Plan Area (CIPA) would represent the most appropriate in order to achieve the desired outcome and to be in a position to potentially replicate this approach in other suitable locations.

### **Chronology:**

February 2007: Council approval of first consolidated CIP and Project Areas.

November 2011: Council approval of updated CIP and Project Areas including revised and new incentives and programs (Report No. PED11118).

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<u>February 2012:</u>	Council directs staff to investigate the feasibility of including additional land in the Downtown Hamilton Community Improvement Project Area.
<u>November 2012:</u>	Council approval of expansion of community improvement initiatives to the Community Downtowns, all BIAs and the commercial corridors along Barton Street, east of the Barton Village BIA, and along Kenilworth Avenue North as identified in the Downtown and Community Renewal Community Improvement Project Area.  Council approval of the expansion of the Downtown CIPA.
<u>February 2014:</u>	Council approval of former amendments to the Downtown and Community Renewal Community Improvement Plan (2011) and incorporates the Mount Hope Airport Gateway CIPA.
<u>May 11, 2016:</u>	Council approval of amendments to the Downtown and Community Renewal Community Improvement and Project Areas through the 5 year review process.
<u>December, 2016:</u>	GIC direct staff to review options in order to secure the proposed Roxborough Community Revitalization
<u>June 6, 2018:</u>	GIC direct staff to create the proposed Roxborough Community Revitalization CIPA and financial incentives.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The Downtown and Community Renewal Community Improvement Plan (2016) provides the framework for City programs and initiatives in a manner that meets the legislative requirements of the *Planning Act* intended to stimulate private sector investment and redevelopment and, to focus municipal action and investment that promotes and enhances Hamilton's various downtowns, commercial districts, mixed use corridors and neighbourhoods targeted for community development.

The Plan provides the legal framework for the financial incentives administered by the Urban Renewal Section. Downtown Hamilton, the Community Downtowns of Ancaster, Binbrook, Dundas, Stoney Creek and Waterdown, the Mount Hope Airport Gateway Community Improvement Project Area, the Business Improvement Areas and other Commercial Corridors within the City, as well as certain heritage-designated properties, are collectively designated in the Downtown and Community Renewal Community Improvement Project Area By-law.

The Downtown and Community Renewal Community Improvement Plan functions as an implementation tool. It is meant to encourage development and redevelopment activities that implement the vision and policies established in related plans and strategies. Section 5 of the Plan, within Appendix “A” to this report, outlines its relation to various documents, including the Provincial Policy Statement (2014), the Growth Plan for the Greater Golden Horseshoe (Places to Grow), the Urban Hamilton Official Plan, the Economic Development Strategy, the Corporate Strategic Plan and transit-related initiatives as it relates to corporate priorities such as the West Harbour and Light Rail Transit (LRT).

The following are policy considerations in general support of the proposed demonstration project:

#### Planning Act

The Planning Act supports affordable housing particularly through amendments made by the Strong Communities through *Affordable Housing Act, 2011*. Among other matters, this Act emphasised affordable housing as a provincial interest.

#### Growth Plan for the Greater Golden Horseshoe

- Policy 4. Applying the policies of this Plan will support the achievement of complete communities that:
- a) feature a diverse mix of land uses, including residential and employment uses, and convenient access to local stores, services, and public service facilities;
  - b) improve social equity and overall quality of life, including human health, for people of all ages, abilities, and incomes; and,
  - c) provide a diverse range and mix of housing options, including second units and affordable housing, to accommodate people at all stages of life, and to accommodate the needs of all household sizes and incomes.

The proposed development represents a meaningful way in which to secure a range of housing types, sizes and available for a range of incomes.

- Policy 1. Upper and single-tier Municipalities, in consultation with lower-tier Municipalities, the Province, and other appropriate stakeholders, will each develop a housing strategy that:
- a) supports the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan by:

- i. identifying a diverse range and mix of housing options and densities, including second units and affordable housing to meet projected needs of current and future residents; and,
  - ii. establishing targets for affordable ownership housing and rental housing.
- b) identifies mechanisms, including the use of land use planning and financial tools, to support the implementation of policy 2.2.6.1 (a);
- c) aligns with applicable housing and homelessness plans required under the Housing Services Act, 2011; and,
- d) will be implemented through official plan policies and designations and zoning by-laws.

The development represents a form of intensification that is intended to meet the increasing demand for housing within the City of Hamilton.

Policy 3. To support the achievement of complete communities, Municipalities will consider the use of available tools to require that multi-unit residential developments incorporate a mix of unit sizes to accommodate a diverse range of household sizes and incomes.

Given the development and proposed location with respect to available services, parks, institutional uses and transit, represents an ideal opportunity to achieve a complete mixed income sustainable community.

#### Provincial Policy Statement (2014)

Policy 1.1 - Managing and Directing Land Use to Achieve Efficient and Resilient Development and Land Use Patterns – identifies that healthy, liveable and safe communities are sustained by an appropriate range and mix of residential uses including second units, affordable housing and housing for older persons uses. The proposed incentives would assist in removing some of the financial barriers that encumber mixed income developments.

Furthermore, Policy 1.4.3 specifically directs planning authorities to provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area by:

“b) permitting and facilitating:

- 1) all forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements.”

It is anticipated that the proposed incentives would assist in facilitating affordable housing.

Province's Long-Term Affordable Housing Strategy

Creating inclusive, complete communities with a broad mix and range of housing types is an important step to building Ontario's health and prosperity. The updated Long-Term Affordable Housing Strategy focuses on increasing the supply of affordable housing, supporting people, and ending chronic homelessness.

Urban Hamilton Official Plan

The following Urban Hamilton Official Plan (UHOP) goals and policies strive to increase the supply of affordable housing in Hamilton:

Goals

- B.3.2.1.3 Increase Hamilton's stock of affordable housing of all types, particularly in areas of the City with low levels of affordable housing.
- B.3.2.1.4 Increase Hamilton's stock of housing for those whose needs are inadequately met by existing housing forms or tenure, affordability or support options.

Policies

- B.3.2.3 Many households in Hamilton cannot obtain housing that is affordable or appropriate to their needs. Households and individuals may be at risk of homelessness because of economic and/or personal circumstances where a level of support is required to live independently. Hamilton's aging and diversifying population has new and unique housing needs that cannot solely be met through current housing options. The City recognizes the importance of affordable housing and housing with supports in meeting the housing needs of those without the resources to participate in the private housing market.
- B.3.2.3.2 Where appropriate, assistance shall be provided, either by the City and/or by senior governments, to encourage the development of affordable housing, with priority given to projects in areas of the City that are lacking in affordable housing. City assistance may include selling or leasing of surplus City land or financial assistance.
- B.3.2.3.6 Investment in new affordable housing shall be encouraged by a coordinated effort from all levels of government through implementation of a range of strategies, including effective taxation, regulatory and administrative policies and incentives.

Housing and Homelessness Action Plan

In December, 2013, Council approved the City's 10-year Housing and Homelessness Action Plan which is a strategic and implementation plan to address affordable housing and homelessness in Hamilton (Report CS11017(c)). The development of the Action Plan was informed by extensive community engagement and a comprehensive needs analysis and provides a framework to inform decisions about housing resource allocation in Hamilton.

The Action Plan sets out several strategies which are designed to address the supply, affordability and quality of Hamilton's affordable housing stock:

Strategy 1.2: Explore the potential for new incentive and funding programs and expand and promote more broadly existing City incentive programs to increase the supply of affordable housing (e.g., capital grants/loans, tax deferrals, waived development and other charges, etc.).

Strategy 1.5: Explore the feasibility/further promote opportunities that exist in the Urban Hamilton Official Plan for density bonusing and use of Community Improvement Plans to offer other incentives for affordable housing.

Strategy 1.8: Advocate for changes to the City's and senior governments' surplus land policy to make surplus land available for affordable housing development at discounted or no cost.

Strategy 2.1 (a): Encourage mixed housing and mixed income development in all urban neighbourhoods by increasing opportunities for rental, social and affordable housing in areas that currently offer limited opportunities.

Strategy 2.1 (c): Encourage mixed housing and mixed income development in all urban neighbourhoods by exploring opportunities for social housing communities to redevelop to include a mix of new housing options.

Strategy 2.3: Increase homeownership opportunities for renters, including social housing tenants.

Strategy 2.8: Explore options that ensure social housing applicants and tenants have as much choice as possible.

Strategy 4.10: Adequately fund capital reserves for social housing based on Building Condition Assessments and Reserve Fund Studies.

Strategy 4.6: Increase the number of rental units that meet the needs of larger families.



Strategy 4.9: Inventory, rate and increase the number of social housing units that meet the needs of persons with disabilities through existing and new housing opportunities.

The following policies are applicable to the creation of a CIPA:

*Planning Act*

The *Planning Act* (Section 28) allows Municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community Improvement Plan (CIP) for the project area. A Municipality may then make grants and loans, in conformity with the approved CIP, that would otherwise be prohibited under the *Municipal Act* (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area. An amendment to the CIP requires a statutory public meeting with notice requirements in accordance with the *Planning Act*.

The recommended changes to the CIP must be conducted in accordance with the *Planning Act* (Section 17 (15) (d) and Section 28) and the Public Participation and Notification Policies contained in the City's Official Plan, including a statutory public meeting and notice requirements.

Urban Hamilton Official Plan

- F.1.15.1 Community Improvement shall be carried out through the designation, by Council, of CIPA's and through the preparation and implementation of Community Improvement Plans (CIP) pursuant to the Planning Act. It is the intent of Council that the entire urban area or any part of the urban area as defined in this Plan, and as subsequently amended, may by by-law be designated as a CIPA.
- F.1.15.2 When designating CIPA's, one or more of the following characteristics may be present:
- a) building stock or property in need of rehabilitation;
  - b) buildings and structures of heritage or architectural significance;
  - c) encroachment of incompatible land uses or activities;
  - d) deteriorated or insufficient physical infrastructure such as, but not limited to, sanitary and storm sewers and water mains, public transit, roads/streets, curbs, sidewalks, street lighting and utilities;

- e) deteriorated or insufficient community facilities/services such as, but not limited to public indoor/outdoor recreational facilities, public open space and public social facilities;
- f) inadequate mix of housing types;
- g) inadequate affordable housing;
- h) known or perceived environmental contamination;
- i) deteriorated or insufficient parking facilities;
- j) poor overall visual amenity of the area, including, but not limited to streetscapes and urban design;
- k) existing Business Improvement Areas (BIA) or potential for inclusion in a BIA designation, provided such designation is in conformity with the Niagara Escarpment Plan;
- l) inappropriate road access and traffic circulation;
- m) shortage of land to accommodate building expansion and/or parking and loading facilities;
- n) other barriers to the improvement or re-development of under utilized land or buildings; or,
- o) any other environmental, social, or community economic development reasons for designation.

F.1.15.3 CIP's shall provide direction regarding the application of one or more of the following:

- a) allocation of public funds such as grants, loans or other financial instruments for the physical rehabilitation, redevelopment or improvement of land and/buildings;
- b) municipal acquisition of land or buildings and subsequent land clearance, rehabilitation, redevelopment or resale of these properties or other preparation of land or buildings for community improvement;
- c) encouragement of infill and rehabilitation where feasible;
- d) promotion of historic preservation through the appropriate local, provincial and federal legislation;

e) promotion of the viability of Commercial areas through the establishment and support of BIA's;

f) other municipal actions, programs or investments for the purpose of strengthening and enhancing neighbourhood stability, stimulating production of a variety of housing types, facilitating local economic growth, improving social or environmental conditions, or promoting cultural development; and,

g) Identification of cultural heritage resources which shall be, wherever possible, conserved through appropriate adaptive reuse and alterations. Demolition of heritage structures shall be discouraged.

F.1.15.5 Council shall determine the priorities and sequences in which designated CIPA's shall have individual CIP's prepared.

F.1.15.6 Any CIP shall endeavour to co-ordinate individual initiatives to improve properties with municipal actions to upgrade physical infrastructure and community services, and promote new types of housing.

F.1.15.7 Council shall be satisfied that community improvements are within the financial capability of the City.

On the basis of the above, it is considered that the creation of a new CIPA in combination with an incentives program geared towards encouraging sustainable, mixed income developments implements provincial and local policy direction.

## **RELEVANT CONSULTATION**

- Housing Services Division, Healthy and Safe Communities Department;
- Finance Planning, Administration and Policy Division, Corporate Services Department, and,
- Economic Development, Planning and Economic Development Department.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

The proposed amendments to the Downtown and Community Renewal Community Improvement Project Plan (2016) (see Appendix "A" to Report PED16236(b)) are in accordance with Urban Renewal Section's comprehensive review. This section of the Report provides some background and history as well as the rationale for the proposed changes to the CIP (2016).

The project currently consists of developing upwards of 600 multiple density residential units, predominately in the form of townhouses, with three proposed rental multiple dwellings (8-10 storeys) sited in proximity to Queenston Road. Discussions are on-

going with respect to the potential of securing affordable housing for seniors within one of the buildings and for the delivery of a turnkey 95-unit building for CHH.

Currently the lands include the former Roxborough School (now demolished) on the lands owned by RPI and 91 Rent Geared to Income townhouses and 16 market apartments (one bedroom) on the lands owned by CHH.

The Roxborough development would be an appropriate candidate for an incentive demonstration project. It is a large (approximately 4.5 ac) contiguous piece of property that if combined with the existing CHH lands (approximately 8 ac), could enable the revitalisation of existing subsidized units within a larger mixed income development. The lands are currently underutilized and appropriately suited to take advantage of intensification. The lands are serviced by existing and future transportation infrastructure and are also designated for residential development within the UHOP.

Another matter which lends itself to the appropriateness of this project for demonstration purposes is the existing Roxborough Park immediately to the north. Discussions are underway to co-ordinate park enhancements with the proposed development. Such coordination would not only result in public realm improvements for the wider area, but also create more enhanced amenity space that could foster increased community interaction.

Additionally, work is underway on the development of a Community Hub within the former St. Helen's School site also located within the McQueston Neighbourhood. Council Motion of February 14, 2018 has sought to purchase the site and make it available in the long-term for this specific purpose. While this is a separate process and still in the development stage, future community hub uses may provide important community supports for the residents of the Roxborough development, creating a more sustainable and complete community. As detailed within this Report, the proposed CIPA boundary would extend to include these lands and the institutional blocks of land currently containing the Hillcrest Elementary School and two churches on Melvin Avenue to assist future potential redevelopment of the area.

#### Core Principles for Re-development

Through initial discussions regarding this demonstration project, a number of core principles were developed by staff in order to ensure the development satisfied current policy requirements, and demonstrated a meaningful approach to sustainable, inclusive community building that prioritizes affordable housing. These core principles are as follows:

- Maintain Current Service Level Standards – how this would be achieved would be defined through the development process with at least the same number of

- subsidized income units currently owned and operated by CHH would be maintained. This is a Provincial requirement;
- Net increase in the number of units (both affordable and market) to deliver a complete and efficient development;
  - Significant intensification of the lands, which are currently underutilized, to meet housing needs, efficiently use the lands and create a complete community. This complete community will take advantage of the existing and future services, infrastructure and parkland;
  - Achieve income mix – deliver a spectrum of units that provides a range of housing options for all community members, including households with incomes below the 40<sup>th</sup> income percentile (i.e. deeper affordability);
  - Tenure Mix – deliver both ownership and rental units, ensuring a mix of housing options;
  - Quality Design – the goal would be a seamless array of housing forms, both market and affordable defined by a consistently high quality of design;
  - Mix of unit sizes – ensure a range of housing needs are met through a variety of unit sizes, including for large families;
  - Accessibility – ensure accessibility needs are met through application of the City's Barrier Free Design Guidelines;
  - Length of affordability – ensure affordability is maintained over the long term; and,
  - Capacity building – providing the opportunity to include community supports with the housing.

Whereas the above principles are responding to the specific needs of the subject lands, it is considered that in general, this approach to mixed income development, particularly when it involves sites that currently accommodate subsidized units, would be applicable on a broader City-wide basis.

#### Affordable Housing Demonstration Project

The demonstration project is intended to highlight how re-development can achieve numerous social and economic goals. In particular, it should be noted that the following would be secured through this process:

#### **Inclusiveness**

Seamless design – quality in design material and built form will be consistent across the site. Visually this will connect the development and remove any visual cues that may otherwise indicate variation across economic income of the future residents of the development.

Interconnected park and trail system - intended to physically and socially link people within and through the development.

Openness - fosters a community design that will improve natural surveillance, sense of ownership and community feel.

Accessibility – emphasis on exceeding the amount and quality of accessible units, particularly understanding how affordability issues are further compounded if combined with accessibility needs.

### **Affordable Home Ownership**

Through the creation of a CIP, it is proposed that over 70% of the 300 proposed grade related units could be provided at approximately 10% below market. The units would be able to achieve this through a combination of forgivable loans to cover Parkland and Development Charges (DC) and reductions committed to by RPI. As part of the incentive program, a mechanism would be required in order to avoid these units being speculatively re-sold. This mechanism will be confirmed through the future incentive program and administered through the amended Community Improvement Plan.

It is also noted that the recently approved zoning by-law for the lands includes the ability as of right to create accessory apartment units in the end unit of each townhouse block. This would permit not only an increase in the supply of rental units but also offer the opportunity of future unit owners to gain a secondary income from their property.

### **Market**

The intent for this project has been to demonstrate how a mixed tenure, mixed income development is not only compatible, but if integrated appropriately, could foster greater acceptance, tolerance and inclusivity.

The mixture of market and affordable units was also intended to allow for some of the costs in delivering affordable housing be offset against potential savings on the market units. To this end, incentives for the market units will be considered and recommended in the future programs to be introduced within the CIP.

As discussed in the Report, while incentives similar to those in the Downtown would be introduced within this CIP, in this instance, any incentives made available to market development would only be permitted in instances where significant amount of units with affordability and mixed tenure are delivered in combination. As such, unlike the Downtown incentives, there will be requirements to ensure mixed income and mixed tenure as a prerequisite to access the package of incentives and will likely be dealt with outside of the DC By-law.

### **Rental**

As detailed within this Report, it has been recognized that the development of rental units has been significantly affected since the creation of the *Condominium Act*, which has witnessed significant reductions in the construction of new rental buildings. This has resulted in the existing rental options primarily being of an older stock, limited availability and often in need of capital repair. The absence of this type of tenure on the

market has resulted in steadily rising market rental rates further compounding the affordability of housing options within the City.

The proposed development would assist with this much needed product on the market, not only providing choice within the market but also adding to the inclusiveness and completeness of this new proposed community through the provision of approximately 135 market rental units.

### **Affordable Rental**

In terms of social housing, the delivery of a 95-unit building to be owned and operated by CHH would represent a significant component of those units. A substantial portion of these units are intended to be large (three and four bedrooms) in order to accommodate larger households. The delivery of larger rental units is a key outcome given that the private rental market is increasingly reducing the number and availability of larger family sized units in favour of more marketable and cost efficient smaller units.

The proposed CHH building would also introduce affordable rental units within the building. This provides not only additional economic sustainability in the operation of the building, but provides social sustainability through provision of a mixture of affordability.

Through the application of incentives, the market rental building is also going to be explored in order to determine if and how many affordable rental units could be introduced into this building. These discussions are continuing and are dependent on the range of potential incentives available.

### **Affordable Seniors Rental Housing**

Discussions are also in the works with a development group who are seeking to provide affordable rental units for seniors in the form of a retirement facility. The Development Group proposes a scalable model of new-build housing that is safe, supportive and sustainable. The target market includes marginalized seniors waiting for assisted living options, patients waiting in hospitals and seniors living precariously in their homes.

For this approach to be viable, relief from DCs and possibly additional incentives offered through the CIP would be required. They are currently in discussions with City of Hamilton and RPI representatives to potentially occupy one of the three proposed rental apartment buildings.

### **Community Improvement Plan**

Previous Report PED16236 explored the option of providing incentives in the absence of creating a formal CIPA. However, through careful consideration and in discussion with Legal Services, the option of utilizing the Municipal Facilities By-law approach in combination with applying Development Charge credits from the demolition of existing units was not considered sufficient or appropriate in order to achieve the desired outcome.

It was determined that in order to achieve the desired level of control, provide the necessary range of incentives to stimulate both affordable housing and neighbourhood renewal, the most appropriate method would be through the development of a CIPA.

With regards to the merits of establishing a new CIPA geared towards affordable housing and neighbourhood revitalization, staff note the opportunity for such consideration can be explored in part given the successes to-date of the Downtown Hamilton CIPA. As the scale of incentives is gradually being reduced in the Downtown Hamilton CIPA, an opportunity exists to transition the focus of public attention on local priorities such as the McQueston Neighbourhood and others like it. The CIP approach would allow the City to target areas in transition or in need of repair, rehabilitation and re-development.

Through review of the demonstration project and a greater appreciation of the need and opportunity for inclusive neighbourhood renewal that focuses on affordable housing, it is proposed that the study area include additional areas within the community that would not only benefit from the previously identified opportunities of the location (LRT – Parks – Services) but also are areas with increasing pressures to be re-developed in the future due to the age and use of the existing building stock. These areas include Oriole Crescent and McQueston Community Hub - shown in the proposed CIPA map attached as Appendix “A” to Report PED16236(a)).

The boundary of the proposed CIPA and the implementation of the CIP would be consistent with Policy F.1.15.2 of the UHOP, which identifies the criteria that indicate the need for adoption of a CIP. This includes matters such as the need for building stock renewal as well as community and economic development reasons, exhibited by the lands contained within the proposed boundary.

Former institutional sites in particular, which by design are often larger contiguous sites that are underutilized and/or which have become vacant, pose particular challenges for re-development in some neighbourhoods. Where the cost of new construction, including all applicable fees, is at or greater than the local housing market, the perceived financial risk of re-development of such sites can discourage development. This is often further compounded when such sites, due to previous uses and or construction material, require costly remediation to permit more sensitive land uses such as residential. Left vacant and underutilized, these sites can have a destabilizing effect of the balance of the neighbourhood, further discouraging investment and re-development.

The current proposed boundary would consist of two former schools intended for re-development – being St. Helen’s and the Roxborough School. As such, the prospect of creating and defining CIPA’s for these ‘Institutional Bluefields’ within the McQueston Neighbourhood and other similar neighbourhoods, could facilitate and encourage community change in a coordinated manner and similarly stimulate private sector investment through municipal incentive-based programs. Beyond just the provision of



affordable housing, areas such as these could provide the opportunity for creation of a development catalyst, stimulating investment in an area that has seen limited development in recent years. A new CIP for such 'Institutional Bluefields' would have a residential focus, with economic benefits to the City occurring mostly through increased tax assessment as a result of intensification.

Similarly, as highlighted within the demonstration project, opportunity exists to address the increasing concern of aging building stock, particularly housing within the CHH portfolio. Both the subject lands subject to Zoning and Official Plan Amendment Application ZAC-18-10 and lands to the north known as Oriole Crescent provide approximately 350 affordable units. The majority of these units are grade related and in need of Capital repairs. In addition, there is a need to modernize not only the stock but to address issues of efficiency and the subsidized concentration of units to improve cost effective and inclusive delivery of housing within the community.

The intent is to consolidate 95 of the existing 105 grade related CHH units into one building that would offer a mixture of unit sizes, innovative design and mixed income rental tenure – with both subsidized and affordable market rents within one building. This is then to be combined with a mixed income and mixed tenure community. Recognizing this as an opportunity, the proposed CIPA would include not only the lands subject to Application ZAC-18-10 but also the balance of housing within Oriole Crescent as well as the proposed community hub at the former St. Helen's School.

The creation of a CIPA would not only help deliver the development proposed by RPI and CHH, but as anticipated, this development may prove to be a catalyst for future changes that will build upon the philosophy and intent of a complete, accessible, sustainable and inclusive community. It is the opinion of staff that a CIPA tailored to this intent would be the most effective manner in which to achieve this desired outcome. Financial incentives to be contemplated could include matters pertaining to stimulating more rental stock, more family friendly units and innovative, accessible and efficient building design.

This CIPA recognizes also the potential for greater pressures to be placed upon communities such as this to accommodate housing which is increasingly unaffordable within the Downtown. Similarly, as the scale of incentives is gradually being reduced in the Downtown Hamilton CIPA, an opportunity exists to transition the focus of public attention on local priorities.

### CIP Incentives

Following approval and implementation of the proposed new Roxborough Community Improvement Project Area, staff will propose amendments to the Community Improvement Plan in order to allow a range of incentives to be applied to the Project Area.

The proposed Community Improvement Plan amendments would recognize varying levels of affordability and seek to create incentives to foster well planned mixed income communities, thus ensuring that areas such as the Roxborough Community Improvement Project area can be a catalyst for neighbourhood revitalization. It would be delivered in a manner that secures a complete community approach that prioritises housing for all, irrespective of income. The package of potential incentives would include consideration of the following:

**Development Charges (DC)** – consideration of opportunities for full or partial incentives equal to DCs (not including education) for units defined as both affordable as well as for market units. The current DC By-law has requirements that, if met, will exempt affordable housing units. Where the full amount is exempted no further incentive for the DC would be provided. Where the DC By-law does not exempt the DC for a unit the extent of the DC incentives would in part be contingent on the depth and number of affordable housing created. Consideration will be given to new financial programs administered through the CIP such as forgivable loans or fully repayable loans that would be structured to protect the City's investment in affordable housing with the goal of long term affordability.

**Parkland Dedication** – similar to that of DC, consideration of full or partial Parkland Dedication reductions for units defined both as affordable, as well as, for market units will be explored. The extent of the Parkland waivers would be contingent on the amount of affordable housing created.

Generally, when a property is developed or redeveloped, a certain amount of land for parkland, or other recreational facilities or trails, must be set aside for public use. This helps increase the number of public parks to serve the City.

Obtaining parkland is a City priority. However, in certain cases, where the City does not find the land to be suitable for parkland, cash-in-lieu of parkland conveyance or a combination of land and cash may be accepted.

With regard to the Roxborough Community Revitalization Project Area, it has been noted that as part of the overall strategy, the revitalization and enhancement of Roxborough Park will be an integral component of the success of the proposed new mixed income community. Currently staff is working with the community with respect to the design and improvement of the existing park.

Staff note that in order to balance this objective, sufficient cash-in-lieu funds should be available from the redevelopment of the lands to address required improvements to the existing Roxborough Park. However, it is contemplated that any additional funds above and beyond that what would otherwise be accrued from required cash-in-lieu contributions be re-invested into the development through the form of Parkland Dedication waivers.

These matters, including amending the Parkland Dedication By-law to add a schedule highlighting the Roxborough Community Revitalization Project Area, will be dealt with through subsequent reports.

**Tax Waivers** – applicable only to the units that are affordable, the waivers would potentially further increase the affordability of the unit. It is considered that this incentive be carefully assessed given that a large consideration of the benefit of the incentives is to stimulate revitalization and increased tax assessment. As such, implementation of this incentive should be limited if at all, to only those units that represent deep affordability.

**ERASE Program** – Urban Renewal Section recently completed and approved its Five-Year Review of its Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan. The ERASE boundary is consistent with the existing urban boundary of the City. Staff amended the Program to allow the opportunity through this process to help with revitalization of former institutional sites. Currently, the institutional sites would qualify for ERASE Study and Re-development Grants if being re-developed to a more sensitive land use. Since many former institutional sites are being decommissioned and sold for the re-development of more sensitive land uses, demolitions become costly as they require the safe removal of above ground contaminants. The Program can assist in the removal of such substances which may include but not be limited to such things as asbestos or lead.

**Planning Fee Reductions** – for the purposes of the demonstration project, Planning Fees could be waived with respect to future development.

**Building Permit Fees** – under the provisions of the *Planning Act*, Building Permit Fees must be received. Additional funding sources could be identified to cover the fees in part or in total for those future proposed affordable units.

#### Funding Sources

It is considered that a new sustainable funding source would need to be identified. This would need to be addressed in full within the subsequent report to amend the Community Improvement Plan. It is noted that review of the current DC By-law is underway and that the CIP proposal options will be considered with the review and alongside any changes to the DC By-law which will be presented for Councils approval in 2019.

#### **Tax Assessment Increases**

It is noted that through the intensification of the lands, the ‘opportunity costs’ that would be used to incentivise the development would be offset through the increased tax assessment. The significant intensification of the subject lands and the potential re-development of additional lands would result in considerable tax assessment increases, particularly given that CHH housing is exempt from municipal taxation. Each new

townhouse would be expected to pay approximately \$4 K-\$4.5 K annually whereas the total tax income from the proposed apartment buildings would be approximately \$550 K annually (excluding the CHH building which as mentioned is exempt).

Given that this development would represent infill development and that cost sharing with the developer would assist with any necessary infrastructure upgrades a component of the increased tax assessment could be utilised to recover costs associated with Development Charges incentives and / or any loans administered through the CIP. This potential mechanism and full review of potential costs will be addressed within the subsequent report to amend the CIP.

### **Partnerships**

Key to the success of the demonstration project and a CIPA of this nature is to ensure multi-levels of government are involved in the solution. The Province of Ontario in updating the Long-Term Affordable Housing Strategy, announced an investment of \$178 M over three years, acknowledging a long-term commitment to stable funding that will continue transformation of the housing system. They further acknowledge a plan to invest up to \$100 M in operation funding, and supporting the construction of up to 1.5 K new supportive housing units for the long-term, with operating assistance eventually assisting up to 6,000 households.

As part of this process, the Province released the Ontario Development Charges Rebate Program as one of the initiatives under the Fair Housing Plan to increase supply of market rental housing – specifically of purpose-built market rental housing. Under the Program, eligible market rental housing developments would receive a rebate of development charges collected by Municipalities. The Program would be administered by Municipalities and target priority projects in those communities that are most in need of new purpose-built rental housing. Under the Development Charges Rebate Program, Hamilton responded to the Expression of Interest and was successful in securing a total (nominal) of \$6,850,702 over five years.

As detailed within the RPI proposal, there are currently three rental buildings proposed – one will be owned and operated by CHH, one is being considered for an affordable housing for seniors and the third would be market rental and thus eligible for the proposed Rebate Program proposed by the Province. As such staff will be working with the Province and RPI to determine if the Project can be awarded participation within the Program. In addition, funding is also being explored with the incentives being offered through current and future programs at Canada Mortgage and Housing Corporation (CHMC).

At the Federal level, staff continues to review and participate in discussions with respect to future potential funding streams that may be applicable to projects similar to that detailed within this Report.

### Conclusion

The consideration of incentives to encourage the development of affordable housing projects through the creation of a CIPA would be consistent and conform to the relevant policies detailed above. The comprehensive re-development would likely provide a catalyst for further investment within the area, increase the existing tax assessment base and replace subsidized units in need of significant Capital repairs.

It is considered that whilst this will be developed as a demonstration project, the information and outcomes can be replicated and enhanced through development of similar CIPAs in areas in need of similar revitalization.

### **ALTERNATIVES FOR CONSIDERATION**

Non-Approval of the recommendations contained in this Report would result in the continuation of the existing financial incentives within the existing approved Community Improvement Project Areas (status quo).

### **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

#### **Community Engagement and Participation**

*Hamilton* has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

#### **Economic Prosperity and Growth**

*Hamilton* has a prosperous and diverse local economy where people have opportunities to grow and develop.

#### **Culture and Diversity**

*Hamilton* is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Proposed Downtown and Community Renewal Community Improvement Project Area By-law and Implementing By-law